

FISCAL NOTE

Bill #: HB0026

Title: Require DPHHS to refinance general fund with federal funds

Primary

Sponsor: Butch Waddill

Status: Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2003</u> <u>Difference</u>	<u>FY2004</u> <u>Difference</u>	<u>FY2005</u> <u>Difference</u>
Expenditures:			
General Fund	(100,000)	(1,464,368)	(1,831,770)
Federal Special Revenue	592,168	1,824,368	2,091,770
Revenue:			
Federal Special Revenue	592,168	1,824,368	2,091,770
Net Impact on General Fund Balance:	\$100,000	\$1,464,368	\$1,831,770

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	x	Significant Local Gov. Impact	X		Technical Concerns
	x	Included in the Executive Budget		x	Significant Long-Term Impacts
	x	Dedicated Revenue Form Attached		x	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The Child and Family Services Division of the Department of Public Health and Human Services FY2003 general fund appropriation will be reduced by \$100,000. Costs associated with the implementation of this bill will be paid for with the savings generated by this bill.
2. Remaining FY2003 savings of \$337,168 will be distributed to other programs, as noted in section 5 of the bill, to mitigate the impacts of the FY2003 budget reductions.
3. DPHHS will need 5.0 FTE to perform the IV-E eligibility. The FTE would be hired on January 1, 2003.

IV-E Eligibility

4. The percentage of children eligible for IV-E would increase from 50% in FY 2002 to 55% in FY 2003, 65% in FY 2004 and 70% in FY 2005.
5. Baseline Foster Care costs are estimated at \$17.0 million.
6. 100% general funded Foster Care costs will be replaced with IV-E costs that are funded at FMAP. FMAP is 73.02% in FY 2003; 72.97% in FY 2004 and 72.81% in FY 2005.
7. A contractor with IV-E expertise would need to be hired. An RFP would be issued by January 1, 2003 and a contractor would begin work on July 1, 2003. Estimated cost is \$150,000 in FY 2004 and \$50,000 in FY 2005.
8. Estimated GF savings are reduced by 50% because many of the non-IV-E costs are currently being paid by TANF or Title XX.

Targeted Case Management

9. The department must amend the Medicaid State Plan, the Administrative Rules of Montana, the Cost Allocation Plan and the Random Moment Time Study.
10. Expertise in implementing the changes in item 7 above would be required and a contractor would be retained by utilizing an existing contract. The department would need \$50,000 for this contract.
11. Savings for the TCM component are estimated at ½ of the amount estimated by a consulting firm because Title XX and TANF are currently paying for some of the costs that would otherwise be funded with general fund.

FISCAL IMPACT:

	FY2003 <u>Difference</u>	FY2004 <u>Difference</u>	FY2005 <u>Difference</u>
FTE	5.00	5.00	5.00

Expenditures:

Personal Services	100,000	200,000	200,000
Operating Expenses	55,000	160,000	60,000
Benefits	<u>337,168</u>	<u>0</u>	<u>0</u>
TOTAL	\$492,168	\$360,000	\$260,000

Funding:

General Fund (01)	(100,000)	(1,464,368)	(1,831,770)
Federal Special Revenue (03)	<u>592,168</u>	<u>1,824,368</u>	<u>2,091,770</u>
TOTAL	\$492,168	\$360,000	\$260,000

Revenues:

Federal Special Revenue (03)	\$592,168	\$1,824,368	\$2,091,770
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$100,000	\$1,464,368	\$1,831,770
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TECHNICAL NOTES:

1. The CFSD cannot implement this bill by September 1, 2002. The department will work diligently to implement the bill as soon as possible.
2. The Addictive and Mental Disorders Division of the Department of Public Health and Human Services is currently participating with the Community Mental Health Centers in an Intergovernmental Transfer of approximately \$400,000 per year. The division is presently exploring options on enhancing the amount revenue from IGTs. AMDD would be committed to increasing the IGTs based on expanded county participation and federal approval of the state plan. The potential amount of IGT is unknown at this time.